



# **PRESS RELEASE**

## **House National Security Committee**

### **Floyd D. Spence, Chairman**

**FOR IMMEDIATE RELEASE**  
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#### **STATEMENT OF CHAIRMAN FLOYD D. SPENCE**

#### **HEARING ON COMPETITION FOR DEPOT MAINTENANCE WORKLOAD**

*Thursday, June 4, 1998*

We are here today to discuss the committee's deepening concerns with the Administration's approach to the issue of competition for depot-level maintenance workload. The immediate catalyst for this hearing was Secretary Peters' widely reported April 26<sup>th</sup> memo to Dr. Hamre. That memo appears to be the most recent – and most public – evidence of what many see as a consistent pattern of behavior on the part of the Administration to skew competition for depot workloads in the aftermath of the 1995 Base Realignment and Closure Commission's recommendation to reduce overhead and infrastructure among Air Force depots by closing McClellan and Kelly Air Logistics Centers.

While today's hearing is not specifically about the base closing process, the root cause of the on-going three year depot controversy can be traced directly to the Administration's decision to circumvent the 1995 BRAC findings by directing privatization-in-place at the two Air Force depots recommended by the commission for closure.

It is this pattern since the President's 1995 BRAC decision, and particularly over the course of the six months since last year's compromise legislation, that continues to raise serious bipartisan concerns. During last year's depot debate, the Administration consistently castigated the House as being anti-competitive. Yet during our conference negotiations last fall, it was the White House that most strenuously opposed elements of the compromise that allowed a bidder to perform work at any location and allowed a bidder to team with a public or private interest to compete for work. Ironically, when it came time to work out a compromise, it was the White House, not the Congress, who was against meaningful competition.

Other than controversial foreign policy related issues or occasional "social" issues that we have legislated in the defense authorization bill from time to time, I cannot ever remember such direct White House involvement in any day-to-day defense issue, let alone one as esoteric as depot maintenance. If not for political reasons, how else can you explain such intense White House interest in such an arcane defense issue?

Earlier this year, in response to Under Secretary Gansler's December 1997 letter and report concluding that certain individual depot level maintenance and repair workloads could not be logically and economically executed unless they were "bundled," GAO concluded that DoD had failed to provide adequate documentation and support for Under Secretary Gansler's determination. GAO further concluded that the Air Force had failed to provide adequate or timely access to documentation allegedly used by DoD in support of Under Secretary Gansler's determination. Of course, the concept of contract bundling in the case of depot workload is viewed by many as a way to increase the chances that the two Air Force depots to be privatized-in-place by order of the President could more cost-effectively compete for this work.

In late February Mr. Skelton and I requested that GAO be provided immediate access to all supporting documentation and further requested that the RFP process be suspended until such time as GAO was able to conduct its legally required analysis of DoD's decision to proceed with contract bundling. While an arrangement was eventually worked out that provided GAO greater access to some supporting documentation, Under Secretary Gansler informed the committee in March that DoD had rejected our request and planned to proceed with the RFP process — despite the fact that GAO had not been able to conduct its analysis.

One month ago, GAO issued the mandated report and concluded that "the Air Force has not, as of April 22, provided a sufficient basis to show that soliciting the workloads on a combined basis is necessary to satisfy its needs." GAO further concluded that, "the Air Force's supporting rationale... is not at this point sufficient to justify the workload combination." So, after six months of effort, GAO remains unable to support Under Secretary Gansler's December 1997 determination that contract bundling was logical and cost-effective.

And GAO is not alone. Just last Friday, a California company unable to compete under the current proposal filed a protest with GAO concerning the bundled contract for aircraft engine work at Kelly Air Force Base. It is also my understanding that another company is considering filing a protest because of its inability to compete for the bundled contract work at McClellan.

The latest development in this evolution is Secretary Peters' April 26<sup>th</sup> memo to Dr. Hamre — a document that clearly raises questions about the nature and extent of continued White House political involvement in the depot issue. And, while Secretary Peters subsequently removed himself from the source selection process, and Secretary Cohen appointed a panel of independent advisors to better ensure a fair bid evaluation process, these actions are somewhat extraordinary and seem inconsistent with the Administration's repeated assurances that nothing improper has occurred.

But returning to a point I made earlier, no one should lose sight of that which is not being denied. And that is the White House's intense interest — including meetings involving senior White House domestic policy staff — in the details of arcane depot contracting issues. In my opinion, it strains credibility for anyone to contend that such White House involvement is (1) routine and (2) not political.

Consequently, we are here today to address the issue of how the Administration views fair and open depot workload competition. Since I am under no illusion that we will get to the bottom of this issue in the next several hours, I have asked the Military Readiness and Military Installations and Facilities subcommittees to jointly pursue these issues in more detail in the weeks ahead.

In the short term, I do want to raise two immediate issues. First, the Department should assume that the committee's efforts in the weeks ahead will likely include focused requests for documents. I would urge the Department to work cooperatively with the committee on any such requests.

And second, while Secretary Peters did remove himself from the source selection process as a result of this controversy, and while Secretary Cohen did appoint an independent panel to oversee the source selection process, I believe that Secretary Cohen should give serious consideration to removing the Air Force altogether as the source selection authority on at least the controversial contracts in question. A more aggressive step like this might help restore some much needed measure of confidence in the Administration's commitment to fair and open competition for future depot workload.

In closing, everyone should realize that the impact of this three year controversy has had implications that reach far beyond depot maintenance issues or the prospects for future base closings. This controversy continues to erode the critically important trust that must exist, at some level, between the Congress and the Administration, if the federal government is going to effectively address the wide range of security issues that confront us on a routine basis. Without a concerted effort on the part of the Administration to rebuild such trust, this controversy will continue to damage an already deeply strained working relationship between the executive and legislative branches.

If anyone believes that this controversy is only limited to the politics and substance of depot maintenance, they have, proverbially speaking, lost sight of the forest because they are too close to the trees.